



**Local Agency Formation Commission**  
**LAFCO of Napa County**

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**August 2, 2010**  
**Agenda Item No. 8a (Discussion)**

July 26, 2010

**TO:** Local Agency Formation Commission

**FROM:** Keene Simonds, Executive Officer

**SUBJECT: Legislative Report**

The Commission will receive a report on the second year of the 2009-2010 session of the California Legislature as it relates to the status of bills directly or indirectly effecting Local Agency Formation Commissions. The report also summarizes staff's efforts in drafting an amendment to Government Code Section 561333. The report is being presented to the Commission for discussion only.

The Executive Officer is a member of the California Association of Local Agency Formation Commissions' (CALAFCO) Legislative Committee. The Legislative Committee meets on a regular basis to review, discuss, and offer recommendations to the CALAFCO Board of Directors relating to new legislation that have a direct or indirect impact on LAFCO law. Actions by the Legislative Committee are guided by the Board's adopted policies, which are annually reviewed and amended to reflect current priorities.

**A. Discussion and Analysis**

The Legislative Committee is currently tracking 14 bills with direct or indirect impacts on LAFCOs as part of the second year of the 2009-2010 session. A complete list of the bills under review by CALAFCO is attached. Five bills of specific interest to LAFCO of Napa County ("Commission") are discussed and analyzed below.

**Senate Bill 1023 (Patricia Wiggins)**

This legislation was signed by the Governor on July 9, 2010 and will establish an expedited process for LAFCOs to initiate and approve the reorganization of resort improvement districts (RIDs) and municipal improvement districts (MIDs) into community service districts (CSDs) with the same powers, duties, and boundaries. The legislation includes exempting protest proceedings unless written opposition is filed by the affected agency. The Commission, which regulates Lake Berryessa and Napa-Berryessa RIDs, issued multiple letters of support on this legislation. The legislation becomes effective January 1, 2011.

Juliana Inman, Chair  
Councilmember, City of Napa

Lewis Chilton, Commissioner  
Councilmember, Town of Yountville

Joan Bennett, Alternate Commissioner  
Councilmember, City of American Canyon

Bill Dodd, Vice Chair  
County of Napa Supervisor, 4th District

Brad Wagenknecht, Commissioner  
County of Napa Supervisor, 1st District

Mark Luce, Alternate Commissioner  
County of Napa Supervisor, 2nd District

Brian J. Kelly, Commissioner  
Representative of the General Public

Gregory Rodeno, Alternate Commissioner  
Representative of the General Public

Keene Simonds  
Executive Officer

**Assembly Bill 2795 (Assembly Committee on Local Government)**

This legislation was signed by the Governor on July 6, 2010 and makes several minor and non-controversial changes to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000. This includes defining “divesture of power,” which follows a 2008 amendment requiring special districts to request and receive LAFCO approval before eliminating an established service. The legislation also amends Revenue and Tax Code to extend the mandatory property tax negotiation period for jurisdictional changes between local agencies from 60 to 90 days if requested. Notably, staff proposed this amendment in consultation with a CALAFCO subcommittee given the reoccurring challenges for local agencies in Napa County to complete negotiations within the current 60 day period.

**Assembly Bill 853 (Juan Arambula)**

This proposed legislation was last amended on July 1, 2010 and proposes new procedures for counties to initiate city annexation proceedings for “disadvantaged inhabited communities” if requested by 25% or more of landowners or registered voters. The legislation also would require LAFCOs to begin identifying and assessing disadvantaged inhabited communities as part of their concurrent municipal service review and sphere of influence update requirements. The underlying intent of the legislation is to establish new and expedited opportunities to eliminate fringe communities through their annexation to cities. The legislation would allow each LAFCO to define disadvantaged inhabited communities. The legislation has passed out of the Assembly and is awaiting hearing by the Senate Appropriations Committee.<sup>1</sup> The Legislative Committee has recommended CALAFCO revise its position from oppose to watch given the recent amendments.

**Senate Bill 1174 (Lois Wolk)**

This proposed legislation was last amended on June 24, 2010 and would establish a pilot funding program to selected assist cities and counties in preparing updates to their general plan elements. The funding would be drawn from Proposition 84 and conditioned on the participating cities and counties updating one or more of their elements to identify, assess, and strategize to eliminate island, fringe, and legacy communities.<sup>2</sup> The legislation has passed out of the Senate and is currently awaiting hearing by the Assembly Appropriations Committee. CALAFCO has adopted a watch position.

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<sup>1</sup> AB 853 originally proposed establishing an expedited process for counties to initiate city annexations of disadvantaged inhabited communities while waiving property tax exchange, rezoning, and protest requirements. These components of the proposed legislation have been removed through recent amendments.

<sup>2</sup> SB 1174 defines a “disadvantaged unincorporated community” to mean an island or fringe area in which the median household income is 80% or less than the statewide median household income. A “fringe community” is defined to mean an inhabited unincorporated territory that is within a city’s sphere of influence. A “legacy community” is defined to mean a geographically isolated unincorporated area that is inhabited and has existed for at least 50 years.

**Assembly Bill 1859 (Chris Norby)**

This proposed legislation did not pass out of the Assembly. It would have established LAFCO oversight with respect to reviewing and approving new or expanded redevelopment areas. The legislation specifically focused LAFCOs oversight on the financial soundness of a proposal and not making a determination on blight. The author is expected to reintroduce the legislation next session.

In addition to tracking current legislation, staff continues to seek support within CALAFCO to amend the procedures outlining LAFCOs authority in approving outside service extensions under Government Code Section 56133. Consistent with previous comments made by the Commission, an amendment is being sought to provide LAFCOs more discretion in approving new or extended outside services beyond agencies' spheres of influence without the current precondition of making public health or safety findings. This amendment is needed given the current statute does not recognize instances in which local conditions dictate it is appropriate for an agency to provide services outside its sphere to support existing or new development without the explicit expectation the land be eventually annexed. Staff recently convened a working group of Executive Officers from Butte, El Dorado, Santa Barbara, and Sonoma Counties to jointly propose an amendment to G.C. Section 56133 to provide LAFCOs more freedom in approving outside service agreements while retaining reasonable controls. The working group has reached general consensus on key language changes and anticipates presenting an amendment proposal to CALAFCO within the next few months.

**B. Commission Review**

The Commission is invited to discuss any of the legislation outlined in this report or in the attached report prepared by CALAFCO. The Commission may also provide direction to staff with respect to returning with comment letters on any current or future legislation.

Attachments:

- ~~1) CALAFCO Legislative Policies~~
- ~~2) Status Report on Current Legislation~~